

CITY OF BREWSTER
Okanogan County, Washington
January 1, 1994 Through December 31, 1995

Schedule Of Federal Findings

1. The City Should Comply With Federal Grant Guidelines

The City of Brewster claimed the same costs on two different federal grants which is not allowed by federal guidelines. In addition, the city did not hire an unemployed veteran as required for one of the programs. We reviewed the Veterans' Employment Training Program, a grant funded by the U.S. Department of Labor (CFDA 17.8xx) through the Washington State Employment Security Department and the Police Hiring Supplement, a grant funded by the U.S. Department of Justice (CFDA 16.580). The Veterans' Program funded 50 percent of an officer's salary for three months. The Police Hiring Supplement funded 75 percent of the same officer's salary and benefits during this time.

The *Federal Register*, Volume 60, Number 95, Section C does not allow the same costs to be charged as a cost or to meet a matching requirement on two separate federally funded programs.

The Veterans' Program contract states:

The employer certifies that the Participant has not worked for the Employer in any capacity prior to the beginning of the training program.

Both the city and the participant certified that they understood and agreed to the conditions of the contract, however, the employee was hired in October 1994 and the Veterans' Program was not approved until March 1995.

The city received reimbursements from two federal programs for the same expenditures and accepted federal funding for a program it did not qualify for (see the attached Schedule of Questioned Costs).

We recommend the city return the \$2,912 to the Washington State Employment Security Department.

We further recommend the city implement controls to adequately identify and monitor its federal program requirements.

2. The City Should Comply With State Prevailing Wage Laws And The Davis-Bacon Act

The city did not obtain the required "Statement of Intent to Pay Prevailing Wages" and "Affidavit of Prevailing Wages Paid" from the contractor prior to payment for its well drilling services. This project is partially funded by a Community Development Block Grant from the U.S. Department of Housing and Urban Development (CFDA 14.228).

RCW 39.12.040 states:

... before payment is made ... on account of a public works contract, it shall be the duty of the officer or person charged with the custody and disbursement of public funds to require the contractor or subcontractor to submit to such officer a Statement of Intent to Pay Prevailing Wages.

RCW 39.12.040 further states:

Following the final acceptance of a public works project, it shall be the duty of the officer charged with the disbursement of public funds, to require the contractor and each and every subcontractor ... to submit to such officer an "Affidavit of Wages Paid" before the funds retained according to the provisions of RCW 60.28.010 are released to the contractor.

The Davis-Bacon Act requires that all laborers and mechanics employed by contractors and subcontractors who work on construction projects financed by federal assistance be paid wages not less than those established for the locality of the project by the Secretary of Labor.

Failure to comply with Prevailing Wages Laws and the Davis-Bacon Act exposes the city to damage claims by the contractor's employees if prevailing wages were not paid. The city is also exposed to the risk of losing future federal funding.

The city was aware of the wage requirements but stated that the contractor did not respond to their requests for the required documentation.

We recommend the city implement procedures to ensure compliance with Prevailing Wage Laws and the Davis-Bacon Act.